
FINANCIAL STATEMENTS AND AUDITOR'S REPORT

FRIEND'S OF NORD, INC.

For the year ended December 31, 2007

**ERNEST J. FOLSE III
CERTIFIED PUBLIC ACCOUNTANT**

ERNEST J. FOLSE III, C.P.A.

A PROFESSIONAL ACCOUNTING CORPORATION

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

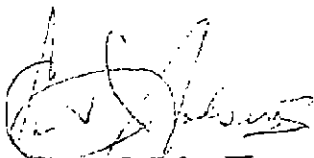
To the Board of Trustees of
Friend's of NORD, Inc.

I have audited the accompanying statements of financial position of Friend's of NORD, Inc. (a nonprofit organization) as of December 31, 2007 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require I perform the audit to obtain reasonable assurance about whether the financial statements are free of misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friend's of NORD, Inc. as of December 31, 2007 and its changes in net assets for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my reports dated July 31, 2008 in my consideration of Friend's of NORD internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.



Ernest J. Folse III,
Certified Public Accountant
July 31, 2008

**FRIEND'S OF NORD, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2007**

ASSETS

Current	
Cash	\$1,164,763
Grant Receivable	11,871
	<hr/>
Total Assets	<u>\$1,176,634</u>

LIABILITIES AND NET ASSETS

Liabilities (All Current)	
Accounts Payable	(\$1,487)
Payroll Taxes Payable	(958)
	<hr/>
Total Liabilities	(2,445)

Net Assets

Unrestricted	200,200
Temporarily Restricted	978,879
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Total Net Assets	<u>1,179,079</u>
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Total Liabilities and Net Assets	<u>\$1,176,634</u>
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The accompanying notes are an integral part of these financial statements.

FRIEND'S OF NORD, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007

<u>SUPPORT AND REVENUES</u>	Unrestricted	Temporarily Restricted	Total
Current Year Award			
Grant/contract support	—	\$9,000	\$9,000
Contributions	—	182,336	182,336
Fundraisings	0	—	0
Interest income	115,000	—	115,000
Other income	3,450	—	3,450
Contributed Services:			
Accounting	7,700	—	7,700
Management Consulting	40,000	—	40,000
Surveying	0	—	0
Net assets released from restrictions			
Satisfaction of purpose restrictions	—	—	0
Total support and revenue	<u>166,150</u>	<u>191,336</u>	<u>357,486</u>
 EXPENSES			
Programs:			
Project Playground	56,863	—	56,863
Partnerships In Recreation	<u>26,580</u>	<u>77,397</u>	<u>103,977</u>
Total program expenses	83,443	77,397	160,840
Administrative Expenses	35,007	—	35,007
Contributed Services:			
Accounting	7,700	—	7,700
Management Consulting	40,000	—	40,000
Surveying	0	—	0
Total expenses	<u>166,150</u>	<u>77,397</u>	<u>243,547</u>
 Increase (Decrease) In Net Assets	0	113,939	113,939
 Net Assets, December 31, 2006	<u>200,200</u>	<u>864,940</u>	<u>1,065,140</u>
Net Assets, December 31, 2007	<u>\$200,200</u>	<u>\$978,879</u>	<u>\$1,179,079</u>

The accompanying notes are an integral part of these financial statements.

**FRIEND'S OF NORD, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31,2007**

<u>Cash Flows From Operating Activities:</u>	<u>Total</u>
Change in Net Assets	\$113,939
Adjustment to Reconcile Change In Net Assets to Net Cash Used for Operating Activities:	
Increase in Grant Receivable	(11,871)
Decrease in Accounts Payable	(734)
Decrease in Payroll Taxes Payable	2,407
	<u>103,741</u>
 Net Cash from Operations	
	<u>103,741</u>
 <u>Cash Flows From Investing Activities:</u>	
 Net Cash Used By Investing Activities	<u>0</u>
 <u>Cash Flows From Financing Activities:</u>	
 Net Cash Used By Financing Activities	<u>0</u>
 Net Increase in Cash	103,741
 Cash and Cash Equivalents, December 31, 2006	<u>1,061,022</u>
 Cash and Cash Equivalents, December 31,2007	<u><u>\$1,164,763</u></u>

The accompanying notes are an integral part of these financial statements.

FRIENDS OF NORD, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Organization

Friends of NORD, Inc. is a nonprofit corporation organized under the laws of the State of Louisiana. The mission statement of the corporation is to raise funds and foster public participation for the revitalization of New Orleans's treasured neighborhood playgrounds and to provide funding for after-school educational recreation programs. The corporation's support comes from individuals, corporate donations, foundation grants and city, state and federal funding sources.

2. Basis of Accounting

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles. They are presented on the accrual basis of accounting.

3. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

4. Cash Equivalents

The Corporation considers all demand deposits and short-term investments with an original maturity of three months or less to be cash equivalents.

FRIENDS OF NORD, Inc.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007

5. Financial Statement Presentation

In 1995 the Organization adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a Statement of Cash Flows. As permitted by this new statement, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present three classes of net assets required.

6. Public Support and Revenue

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of donor assets. When a donor restriction expires that is when a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net asset and reported in the statement of activities as net assets released from retractions. Pledges and other unrestricted income are included in unrestricted net assets.

NOTE B - INCOME TAXES

The Corporation is a not-for-profit organization that is exempt from corporate income taxes under Section 501 (c)(3) of the Internal Revenue Code.

NOTE C - ADMINISTRATIVE SUPPORT (CONTRIBUTED SERVICES)

The Corporation received administrative support for the period of this audit in the form of contributed services for management and consulting and accounting services. No compensation was paid for these services. The support is reflected in the financial statements and is valued at the contributors stated billing rates.

FRIENDS OF NORD, Inc.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007

NOTE D - BOARD OF DIRECTORS COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation was paid to any Board Member during the period from inception through December 31, 2007.

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

Specific grant programs	<u>\$191,336</u>
Total temporarily restricted net assets	<u>\$191,336</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purposes specified by donors as follows:

Purpose restriction accomplished:	
Partnerships in Recreation	<u>\$ 77,397</u>
Total	<u>\$ 77,397</u>

ERNEST J. FOLSE III, C.P.A.

A PROFESSIONAL ACCOUNTING CORPORATION

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of
Friends of NORD, Inc.

I have audited the financial statements of **Friends of NORD, Inc.** (a nonprofit corporation) as of and for the year ended December 31, 2007, and have issued my report thereon dated July 31, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered **Friends of NORD, Inc.** internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of **Friends of NORD, Inc.**'s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

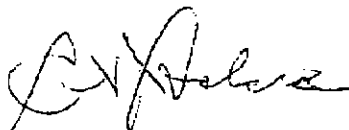
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My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether **Friends of NORD, Inc.** financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance that is required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ernest J. Folse III, CPA
New Orleans, LA
July 31, 2008

**Friend's of NORD, Inc.
Status of Prior Audit Findings
December 31, 2006**

Reportable Conditions

1. Failure to engage audit timely

Resolved

X

Unresolved

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